

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

*Wayland Area Emergency Medical Services
Allegan County, Michigan*

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Years ended February 28, 2006 and 2005

CONTENTS

	<i>Page</i>
INDEPENDENT AUDITORS' REPORT	3
BASIC FINANCIAL STATEMENTS:	
Statement of net assets	4
Statement of revenues, expenses, and changes in net assets	5
Statement of cash flows	6
Notes to financial statements	7 - 10

INDEPENDENT AUDITORS' REPORT

**Members of the Board
Wayland Area Emergency Medical Services**

We have audited the accompanying financial statements of the Wayland Area Emergency Medical Services (the Authority) as of February 28, 2006 and February 28, 2005 and for the years then ended, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Wayland Area Emergency Medical Services as of February 28, 2006 and February 28, 2005, and the respective changes in financial position and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The Authority has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Siegfried Crandall P.C.

July 14, 2006

BASIC FINANCIAL STATEMENTS

Wayland Area Emergency Medical Services**STATEMENT OF NET ASSETS**

February 28, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Current assets:		
Cash	\$ 200,403	\$ 209,211
Receivables, net	127,727	177,478
Prepaid expense	<u>11,362</u>	<u>14,387</u>
Total current assets	339,492	401,076
Capital assets, net	<u>207,101</u>	<u>226,347</u>
Total assets	<u>546,593</u>	<u>627,423</u>
LIABILITIES		
Accounts payable	13,661	37,953
Accrued payroll and payroll taxes	<u>33,036</u>	<u>32,468</u>
Total liabilities	<u>46,697</u>	<u>70,421</u>
NET ASSETS		
Investment in capital assets	207,101	226,347
Unrestricted	<u>292,795</u>	<u>330,655</u>
	<u>\$ 499,896</u>	<u>\$ 557,002</u>

See notes to financial statements

Wayland Area Emergency Medical Services**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS***Years ended February 28, 2006 and 2005*

	<u>2006</u>	<u>2005</u>
OPERATING REVENUES:		
Charges for services, net	\$ 562,662	\$ 556,229
Operating subsidies from member units	60,000	60,000
Memberships	22,162	23,893
Training fees	14,759	8,834
Contributions	7,901	3,053
Other	9,561	8,792
	<u>677,045</u>	<u>660,801</u>
Total operating revenues	<u>677,045</u>	<u>660,801</u>
OPERATING EXPENSES:		
EMT payroll	345,170	319,466
Payroll taxes	32,698	27,846
Employee medical insurance	29,995	32,587
Employee subsidy	7,818	4,744
Public education	16,457	16,718
Professional services	53,016	47,738
Medical supplies and equipment	41,210	30,786
Vehicle operation and maintenance	87,230	68,164
Office expenses	11,559	12,553
Insurance	39,415	28,684
Radios and pagers	3,644	8,060
Other supplies and equipment	9,236	6,564
Utilities and telephone	16,540	15,267
Depreciation	32,844	31,116
Advertising and promotions	5,380	7,426
Other	1,939	14,309
	<u>734,151</u>	<u>672,028</u>
Total operating expenses	<u>734,151</u>	<u>672,028</u>
OPERATING LOSS	(57,106)	(11,227)
NET ASSETS - BEGINNING	<u>557,002</u>	<u>568,229</u>
NET ASSETS - ENDING	<u>\$ 499,896</u>	<u>\$ 557,002</u>

See notes to financial statements

Wayland Area Emergency Medical Services**STATEMENT OF CASH FLOWS**

Years ended February 28, 2006 and 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 649,334	\$ 578,784
Receipts from member units	60,000	60,000
Receipts from others	17,462	11,845
Payments to suppliers	(369,586)	(311,190)
Payments to employees	(352,420)	(327,196)
Net cash provided by operating activities	<u>4,790</u>	<u>12,243</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	<u>(13,598)</u>	<u>(19,615)</u>
NET DECREASE IN CASH	<u>(8,808)</u>	<u>(7,372)</u>
CASH - BEGINNING	<u>209,211</u>	<u>216,583</u>
CASH - ENDING	<u>\$ 200,403</u>	<u>\$ 209,211</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating loss	\$ (57,106)	\$ (11,227)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	32,844	31,116
(Increase) decrease in:		
Accounts receivable	49,751	(10,172)
Prepaid expense	3,025	(1,631)
Increase (decrease) in:		
Accounts payable	(24,292)	7,143
Accrued payroll and payroll taxes	<u>568</u>	<u>(2,986)</u>
Net cash provided by operating activities	<u>\$ 4,790</u>	<u>\$ 12,243</u>
SUPPLEMENTARY INFORMATION:		
Payments from member units	\$ 60,000	\$ 60,000
Less donated assets	<u>-</u>	<u>-</u>
Cash provided	<u>\$ 60,000</u>	<u>\$ 60,000</u>

See notes to financial statements

Wayland Area Emergency Medical Services
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Wayland Area Emergency Medical Services (the Authority) was established June 26, 1999, to jointly provide emergency medical services within the member municipalities in Allegan and Barry counties, Michigan. The Authority is comprised of ten units of government in Allegan and Barry counties. The Authority began operations as a government entity on October 1, 2002. The Authority replaces a predecessor not-for-profit corporation.

The accounting policies of the Authority conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles), as applicable to governments. The following is a summary of the more significant policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Authority. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Authority has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the Authority's financial statements. Also, the Authority is not a component unit of any other entity.

b) Basis of presentation:

The accounts of the Authority are organized on the basis of an enterprise fund. This fund is used to account for operations; (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

c) Basis of accounting:

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

The financial statements are reflected on the accrual basis of accounting. Its revenues are recognized when they are earned and its expenses are recognized when they are incurred. Unbilled receivables of the Authority are recorded at year end. The Authority has elected to follow 1) all GASB pronouncements and 2) Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Wayland Area Emergency Medical Services
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Charges for services:

Charges for services represent the estimated net realizable amounts from individuals, third-party payers, and others for services rendered. The Authority has agreements with third-party payers that provide for payments to the Authority at amounts different from its established rates. Payment arrangements include discounted charges. The Authority's ability to collect the amounts due (other than amounts due from third-party arrangements) is affected by the Authority's ongoing evaluation of its clients' credit worthiness.

e) Capital assets:

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Depreciation of all exhaustible fixed assets used by the Authority is charged as an expense against its operations. Accumulated depreciation is reported on the Authority's statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Building	40 years
Equipment	5 - 10 years
Vehicles	6 years

f) Compensated absences (vacation, sick, and compensatory leave):

The amount attributed to the Authority is charged to expenses and a corresponding liability. Subject to carry-over limits, employees receive one-half of unused sick leave and vacation pay annually, and one-half of unused compensatory time monthly.

g) Reclassifications:

Certain items presented in the financial statements for the prior year have been reclassified for consistent presentation.

NOTE 2 - CASH:

State statutes and the Authority's investment policy authorize the Authority to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Authority's deposits are in accordance with statutory authority. At February 28, 2006, the Township had deposits with a carrying amount of \$200,403. At February 28, 2005, the Authority has deposits with a carrying amount of \$209,211.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Authority will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At February 28, 2006, \$18,630 of the Authority's bank balances of \$210,276 was exposed to custodial credit risk because it was uninsured and uncollateralized. At February 28, 2005, \$8,183 of the Authority's bank balances of \$222,287 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Wayland Area Emergency Medical Services
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - CASH (continued)

The Authority believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

NOTE 3 - CAPITAL ASSETS:

Capital asset activity for the year ended February 28, 2006, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Capital assets being depreciated:				
Buildings	\$ 200,000	\$ -	\$ -	\$ 200,000
Equipment and vehicles	<u>364,907</u>	<u>13,598</u>	<u>-</u>	<u>378,505</u>
Subtotal	<u>564,907</u>	<u>13,598</u>	<u>-</u>	<u>578,505</u>
Less accumulated depreciation for:				
Buildings	77,250	4,500	-	81,750
Equipment and vehicles	<u>261,310</u>	<u>28,344</u>	<u>-</u>	<u>289,654</u>
Subtotal	<u>338,560</u>	<u>32,844</u>	<u>-</u>	<u>371,404</u>
Capital assets, net	<u>\$ 226,347</u>	<u>\$ (19,246)</u>	<u>\$ -</u>	<u>\$ 207,101</u>

Capital asset activity for the year ended February 28, 2005, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Capital assets being depreciated:				
Buildings	\$ 200,000	\$ -	\$ -	\$ 200,000
Equipment and vehicles	<u>345,292</u>	<u>19,615</u>	<u>-</u>	<u>364,907</u>
Subtotal	<u>545,292</u>	<u>19,615</u>	<u>-</u>	<u>564,907</u>
Less accumulated depreciation for:				
Buildings	72,750	4,500	-	77,250
Equipment and vehicles	<u>234,694</u>	<u>26,616</u>	<u>-</u>	<u>261,310</u>
Subtotal	<u>307,444</u>	<u>31,116</u>	<u>-</u>	<u>338,560</u>
Capital assets, net	<u>\$ 237,848</u>	<u>\$ (11,501)</u>	<u>\$ -</u>	<u>\$ 226,347</u>

Wayland Area Emergency Medical Services
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - CLAIMS ARISING FROM RISKS OF LOSS:

The Authority is exposed to various risks of loss to general liability, property and casualty, and workers' compensation. The risks of loss arising from general liability up to \$5,000,000, building contents, workers' compensation, and casualty are managed through purchased commercial insurance.

The Authority is self-insured for any liability associated with its underground fuel storage tanks and has pledged the assets owned by the Authority in conjunction with the self-insurance certification.